



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
Second Regular Session

House: APPROP DP 8-4-0-1

HB 2857: state budget implementation; 2022-2023

Sponsor: Representative Cobb (with permission of Committee on Rules), LD 5
House Engrossed

Overview

Contains provisions relating to budgetary fund revisions needed to implement the FY 2023 budget.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

Provisions

Cyber Risk Insurance Fund

1. Directs the Arizona Department of Administration (ADOA) to obtain insurance against loss for actual or suspected data breaches, security incidents or security system breaches for select agencies, boards and commissions. (Sec. 1)
2. Allows ADOA to obtain self-insurance for losses arising out of actual or suspected data breaches, security incidents or security system breaches. (Sec. 1)
3. Authorizes the director of ADOA to impose on state departments, agencies, boards and commissions a deductible for each loss that arises out of a workers' compensation claim, actual or suspected data breach, security incident or security system breach. (Sec. 1)
4. Establishes the Cyber Risk Insurance Fund within ADOA. (Sec. 2)
5. Includes the replenishment of the Cyber Risk Insurance Fund in the budget request that is annually present by ADOA to the Legislature. (Sec. 2)
6. Stipulates that interest on any judgment against Arizona paid for out of the Cyber Risk Insurance Fund, regardless of whether the funds are self-insured or funded by excess insurance, must accrue at the average yield offered by United States treasury bills. (Sec. 2)
7. Specifies that the Cyber Risk Insurance Fund is subject to annual legislative appropriation to ADOA. (Sec. 2)

Major Events Fund

8. Repeals statute relating to the major events fund, purpose and subsequent report. (Sec. 4)
9. Establishes the Major Events Fund administered by the Arizona Commerce Authority (ACA) that consists of private donations and monies appropriated by the Legislature. (Sec. 5)
10. Specifies that the Major Events Fund monies are continuously appropriated and exempt from statute relating to lapsing of appropriations. (Sec. 5)

11. Authorizes monies in the Major Events Fund to be used:
 - a) To support the operation and planning of the competitive bid process for major events in coordination with the Office of Tourism, local organizing committees and destination marketing organizations;
 - b) To negotiate and make grants to local organizing committees for the operating costs of major events;
 - i. Prohibits monies to be used to supplant routine operating expenses of any political subdivision; and
 - ii. Prohibits the grant for an event from being more than 25% of the operating expenditures required under the event support contract between the host organization and local organizing committee; and
 - c) For other economic development activities associated with major event operations. (Sec. 5)
12. Directs the chief executive officer of the ACA, before awarding a grant, to prepare a signed written statement that assesses the direct economic impact of the grant and contains a finding that the award is in the best interest of the state. (Sec. 5)
13. Instructs the ACA to semiannually, by July 15 and December 15, to submit a report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting that includes, at a minimum, the amount of actual expenditures from the Major Events Fund by purpose and an expenditure plan for remaining monies by purpose. (Sec. 5)

Miscellaneous

14. Removes current statute stating that Legislative Council funds the expenses of the Ombudsman-Citizens Aide as a line-item in the general appropriations act. (Sec. 3)
15. Requires, as session law, any unrestricted monies received by the state beginning July 1, 2022 through June 30, 2023 to be deposited in the state General Fund (GF).
 - a) Stipulates that these monies must be used to pay essential government services; and
 - b) Contains a retroactivity clause of July 1, 2022. (Sec. 6)
16. States, as session law, that the Legislature is not required to appropriate monies to or transfer monies from the Budget Stabilization Fund through FY 2025. (Sec. 7)
17. Asserts that for FY 2023, the Budget Stabilization Fund is not limited to 10% of the GF revenue and the State Treasurer may not transfer any surplus monies from the Budget Stabilization Fund to the GF. (Sec. 7)
18. Defines *breach*, *security system breach* and *security incident*. (Sec. 1)
19. Makes technical and conforming changes. (Sec. 1, 3)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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